

ESTIMATES OF FEDERAL TAX
EXPENDITURES

PREPARED FOR THE
COMMITTEE ON WAYS AND MEANS
AND THE
COMMITTEE ON FINANCE
BY THE STAFF
OF THE
JOINT COMMITTEE ON INTERNAL
REVENUE TAXATION



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TAX EXPENDITURES

INTRODUCTION

This report on tax expenditures, the fourth one prepared by the staff of the Joint Committee on Internal Revenue Taxation, is published as part of the reports by the Joint Committee to the Committees on the Budget. As in the case of the three earlier reports,¹ the estimates in this report also were prepared with the extensive assistance of the staff of the Office of Tax Analysis in the Treasury Department. Initially the reports were prepared in compliance with the request of conferees on the Revenue Act of 1971 that tax expenditure data be submitted regularly to Congress by the Joint Committee staff.

In January, the administration published its estimates of tax expenditures for fiscal years 1975-77 in Special Analysis F of the budget for fiscal year 1977.²

This report covers the period of the fiscal years 1975-81, and it also differs in some other respects from the special analysis presented in the budget. Four tax expenditure items, included in this report (as well as in the CBO report³) were omitted from the administration's special analysis—asset depreciation range, deferral of tax on income of controlled foreign subsidiaries, capital gains at death, and deductions by cooperatives of noncash patronage dividends. The staff of the Joint Committee generally has assumed that provisions in present law with expiration dates will not be extended or otherwise modified and no other changes will be made in present law. The one exception is the assumption by the staff that the minimum and percentage standard deductions as enacted in the Revenue Adjustment Act of 1975 will remain in effect through fiscal year 1981.

THE CONCEPT OF TAX EXPENDITURES

Tax expenditure data are intended to show the cost to the Federal Government, in terms of revenues it has foregone, of tax provisions that either have been enacted as incentives for the private sector of the economy or have that effect even though initially having a different objective. The tax incentives usually are designed to encourage certain kinds of economic behavior as an alternative to employing direct expenditures or loan programs to achieve the same or similar objectives. These provisions take the form of exclusions, deductions, credits, preferential tax rates, or deferrals of tax liability. Tax expenditures also are analogous to uncontrolled expenditures made through individual entitlement programs because the taxpayer who can meet the criteria specified in the Internal Revenue Code may

¹ Committee on Ways and Means, *Estimates of Federal Tax Expenditures*, October 4, 1972, June 1, 1973, and July 8, 1975.

² "Tax Expenditures," Special Analysis F, *Special Analyses of the Budget of the United States Government for Fiscal year 1977*, pp. 116-137.

³ The Congressional Budget Office published tax expenditures estimates for fiscal years 1976-81 (prepared by the Joint Committee staff) in *Five-Year Budget Projections*, fiscal years 1977-81, January 26, 1976.

use the provision without any further action by the Federal Government. For many provisions, the revenue loss is determined by the taxpayer's level of income and his tax rate bracket. From the viewpoint of the budget process, fiscal policy and the allocation of resources, uncontrollable outlays or receipts restrict the range of adjustments that can be made in public policy.

The staff followed the definition of tax expenditures developed in the legislative process that produced the Budget Control Act and has included in this report as tax expenditures virtually all tax provisions which have been characterized as tax expenditures under almost any of the prior listings by other sources. As a result, listing an item as a tax expenditure in this report is a part of a process of providing information, and the listing becomes a catalog of past public policy decisions accompanied by estimates of their effects upon budget receipts. No judgment is made about the desirability of any specific provision as public policy or about the effectiveness of the tax approach relative to other methods of achieving the particular public policy goals desired.

In this report, a tax expenditure is described as a tax incentive that departs from simply allowing as deductions from gross income the costs incurred in earning net income. This allows deductions for current expenditures directly related to the process of earning income, and therefore these expenditures are not treated as tax expenditures. These deductions are treated as business costs, and they are deducted on returns filed by corporations, partnerships and individual proprietorships. Capital costs by their nature are not incurred entirely in one year. The basic tax provision allows depreciation ratably (i.e., straight-line depreciation) over the useful life of the capital asset, but tax law also permits accelerated depreciation to allow faster capital recovery through shorter lives and/or faster rates of depreciation. Such faster tax treatment of capital costs is classified as a tax expenditure; in this report, those items appear as various types of accelerated depreciation: asset depreciation range (ADR), percentage depletion allowances (in excess of cost depletion), and current expensing of costs that otherwise would be capitalized.

Individuals who are employees—rather than carrying on their own businesses—have analogous business-type deductions which also are not classified in this report as tax expenditures. The expenses referred to are those which are incurred in earning net income, e.g., the cost of his tools that a mechanic uses. Most other deductions which individuals take on their tax returns represent personal consumption expenditures. These deductions reflect public policy decisions to facilitate specific types of consumption spending and are therefore generally classified here as tax expenditures. An exception to this rule is made for general personal exemptions and the minimum standard deduction which have not been treated as tax expenditures in any analysis of the subject or in the Budget Control Act. Individual tax expenditures also include various kinds of income, e.g., social security payments to the aged, dependents and survivors, which are tax-exempt income but would become components of adjusted gross income from which taxable income is derived in the absence of the provision for tax exemption.

As indicated previously tax expenditures enumerated in this report differ from the items covered in Special Analysis F of the Budget for

Fiscal Year 1977 in that this report includes ADR, deferral of income of controlled foreign corporations, taxation of capital gains at death, and deduction by cooperatives of noncash patronage dividends.

Accelerated depreciation allows the taxpayer to recover the costs of his investment more quickly than is possible through straight-line depreciation over the useful life of the asset that is listed in the guideline lives. There are two forms of accelerated depreciation. Asset depreciation range (ADR) permits cost recovery in a shorter period of time than the guideline lives, up to 20 percent shorter. Accelerated depreciation also provides for higher proportionate depreciation in the first years of an asset's useful life through double or 150 percent declining balance and sum-of-the-year's digits.

Usually it is suggested that income of controlled foreign corporations is deferred for tax purposes in order to permit U.S. corporate subsidiaries to compete as tax equals in foreign countries without the disadvantage of having additional taxes imposed by the U.S. Government. The deferral, however, reflects a specific decision on public policy which qualifies it as a tax expenditure. In this way it is treated like the portion of income earned abroad by individuals that is excluded from taxable income. The exclusion is favored by the proponents of the provision as a way to encourage individuals to work abroad in subsidiaries of U.S. corporations. To a substantial extent the income of foreign corporations is taxed currently in subpart F, and in a similar way foreign personal holding companies also are taxed currently. Of course, dividends from foreign subsidiaries generally are also taxed when received by the U.S. shareholder, but this may be much later than when the income is earned. The Tax Reduction Act of 1975 made permanent changes in the foreign tax area which substantially reduced deferral of foreign source income.

Capital gains accrued on assets up to the time of death are not taxed at the time the assets are passed on to the heirs. At the time of the transfer, the heirs receive the assets with a step-up in basis, that is, their basis is the valuation of the asset at approximately the time they take possession. When the heir assumes possession of the asset with a current basis, he is in the same position for tax purposes as he would have been had he purchased the asset at the current market price. Some argue that unrealized capital gains generally should be included in tax expenditures as a recognition of the deferral of tax that is occurring, but they are not so included in this report. However, capital gains at death are included since the absence of any tax on the gains at death (and the provision for a step-up in basis at that time) converts the deferral into a permanent exemption from taxation. On the other hand it is recognized that many view the estate tax which is imposed at the time of death as a substitute for the tax on capital gains at death. The estimate of the capital gains at death is based on the assumption that the income tax, including the capital gains tax, is paid before the estate tax and reduces the estate tax base as do all other income tax payments on behalf of an estate. The net decrease in estate taxes is not included as an offset to the tax expenditure. The administration's estimates of \$4.8 billion in fiscal year 1975, \$5.0 billion in fiscal year 1976 and \$5.4 billion in fiscal year 1977 allow for the offset in revenues from reduced estate taxes.

Members of cooperatives receive patronage dividends which are based on the net income earned by the cooperatives. All patronage dividends are not paid in cash each year, but a substantial portion is retained by the cooperative and is paid in cash in subsequent years. Cooperatives, however, may deduct the cash and noncash patronage dividends so long as 20 percent of the dividend is paid in cash and the patron has agreed to include the entire dividend in his income. Per unit retains are amounts withheld from the price paid to patrons by marketing cooperatives and may be deducted by the cooperative, if the patron agrees to include the amount in his income. Other rules apply to deductions taken by cooperatives for dividends on capital stock and to rural electric and telephone cooperatives. The deductions for noncash dividends are considered tax expenditures because they are special benefits available to the cooperative form of business that are not available to private enterprises performing the same economic activities.

A number of tax provisions are not treated as tax expenditures. The general tax rate structure is not part of tax expenditure analysis: the structure of graduated tax rates and taxable income brackets in the individual income tax and separate tax structures for single persons, married persons filing separately, heads-of-households and income splitting for married persons. Other such items are the personal exemption—one per taxpayer and dependent—and the minimum standard deduction. On the other hand included as tax expenditures are the additional personal exemptions for the aged and blind, itemized personal deductions, and the excess of the percentage standard deduction over the minimum standard deduction.

In the business tax area, the combined corporate normal and surtax tax rate is not classified as a tax expenditure. The surtax exemption is treated as a departure designed to foster small corporations and therefore is treated as a tax expenditure.

There is no provision for negative tax expenditures, and no provisions are classified as disincentives. Thus, the corporate surtax rate is treated as the basic provision and not a departure from the normal tax. The limitation on the deduction of a net long-term capital loss is a limit to the incentive made available through the special treatment for capital gains.

Imputations of income in kind received from the services of durable assets are not treated as income in the tax code and are not here classified as tax expenditures. They might be considered as income under other concepts of income for tax purposes. Measurement of the imputed income-in-kind would be a formidable task. The imputed income from an owner-occupied home is the most prominent of these items, and among the others are the income that could be imputed to household furniture and appliances, books and art collections and automobiles. Food stamps are a form of income in kind that also is omitted from this listing.

Foreign tax credits are not classified here as tax expenditures since they are generally considered as the way of taking into account the interrelationship of domestic and foreign tax systems. In addition this analysis does not attempt to go behind the current legal acceptance and attribution of payments by U.S. corporations to foreign governments as taxes (e.g., it does not attempt to treat any as royalties as in the case

of oil income), when the payments are designated in that way by those governments. Treating credits for some of these payments as tax expenditures might be appropriate, but they would be difficult to measure.

MEASUREMENT OF TAX EXPENDITURES

Estimates of tax expenditures are difficult to determine and are subject to important limitations.

Each tax expenditure is measured in isolation. The amount of the deduction is added back in the calculation of taxable income, which raises its level. The difference in tax liabilities between the existing structure of tax rates and this new higher level of tax liabilities is taken as the amount of the tax expenditure. For this computation and in keeping with the general practice of revenue estimating, it is assumed that nothing else changes: neither the behavior of the taxpayer, nor the economic variables that might signal an adjustment in business behavior, nor tax, fiscal or monetary policies. The estimates also do not take into account any effects that the removal of one or more of the items might have on investment patterns, consumption, or other aspects of economic activity. In other words, the estimates shown do not take into account the induced effects of changing the provisions. Repeal of a provision, therefore, would not necessarily raise the revenue associated with removal of that provision.

There are other aspects of this kind of analysis.

First, if two or more items were to be eliminated, the result of the combination of changes being made at the same time might produce a lesser or greater revenue effect than the sum of the amounts shown for each item separately. This is why totals are not shown for table 1, except in a footnote.

Second, in some cases if a tax expenditure item were to be eliminated, it is probable that Congress would, at least to some extent, desire to deal with the underlying problem by a direct expenditure or loan program. The effect of any such program is not taken into account in the estimates shown. A direct expenditure could become a tax expenditure if it takes the form of a payment to an individual or business that is not included in income subject to taxation. In addition, if some of these provisions were removed from the tax laws, this removal might be accompanied by revisions in tax rates, personal exemptions or the minimum standard deduction, as has happened in the past. Other fiscal and monetary policies might be adopted to offset a tax change. This has not been taken into account in the estimates.

Third, when tax expenditure items have been added to the tax law in the past, they did not become fully effective until the lapse of several years. As a result, the eventual annual cost of some items is not fully reflected until some time in the future. Conversely, if various items now in the law were to be eliminated, it is unlikely, in many cases, that the full revenue effects shown would be realized until an extended period of years had passed.

Fourth, differences in personal income levels and corporate profits can also account for differences in the cost of tax expenditure items from year to year. Also, some tax expenditure items themselves may be larger or smaller from year to year, wholly independent of tax considerations.

Fifth, in the case of many of the items, especially those for which information is not available on tax returns, it is necessary to obtain information from whatever sources are available and, when sources are limited, to make assumptions on which to base the estimates.

TAX EXPENDITURES BY FUNCTIONAL CATEGORY

To aid analysis of the economic benefits provided through the tax laws to various sectors of the economy, the costs (tax expenditures) and beneficiaries (in terms of area of activity) are grouped in table 1 in the same functional categories as outlays in the Federal budget. Where possible and relevant, estimates are shown separately for individuals and corporations. Some tax expenditures do not fit clearly into any of the budget functional categories. In the Special Analysis F in the Budget, they have been placed in three functional categories added to those in the budget: business investment, personal investment and other tax expenditures. In this report, however, the tax expenditure items in the three special categories have been placed within the budget functional categories to which they are most closely related so that comparisons will be easier to make between outlays and tax expenditures by functional categories. Table 2 lists each of the items and shows to which functional category it was transferred.

TABLE 1.—TAX EXPENDITURE ESTIMATES, BY FUNCTION,¹ FISCAL YEARS 1975-81

(In millions of dollars)

	Corporations							Individuals						
	1975	1976	1977	1978	1979	1980	1981	1975	1976	1977	1978	1979	1980	1981
National defense:														
Exclusion of benefits and allowances to Armed Forces personnel.....								650	650	650	650	650	650	650
Exclusion of military disability pensions.....								70	80	90	100	110	120	130
International affairs:														
Exclusion of income earned abroad by U.S. citizens.....								130	145	160	175	195	205	220
Exclusion of gross-up on dividends of LDC corporations.....	55	55	55	55	55	55	55							
Deferral of income of domestic international sales corporations (DISC) ²	1,130	1,340	1,420	1,460	1,495	1,580	1,735							
Deferral of income of controlled foreign corporations.....	590	525	365	365	365	365	365							
Special rate for Western Hemisphere trade corporations.....	50	50	50	50	50	50	50							
Natural resources, environment and energy:														
Exclusion of interest on State and local government pollution control bonds.....	75	110	170	220	265	300	330	35	50	55	100	125	145	160
Expensing of exploration and development costs.....	500	650	840	1,045	1,285	1,540	1,850	120	155	195	245	305	365	435
Excess of percentage over cost depletion.....	2,010	1,080	1,020	1,015	1,110	1,215	1,325	465	500	575	625	640	670	695
Pollution control: 5-year amortization.....	30	20	15	5										
Capital gain treatment of royalties on coal and iron ore.....	10	15	20	20	25	25	30	40	45	50	60	65	75	85
Capital gain treatment of certain timber income.....	145	155	165	175	190	200	215	60	60	65	70	75	80	85
Agriculture:														
Expensing of certain capital outlays.....	135	105	115	120	130	135	150	475	355	360	370	380	390	400
Capital gain treatment of certain income.....	30	30	40	40	45	50	50	455	490	565	655	705	760	820
Cooperatives: deductibility of noncash patronage dividends and certain other items.....	395	410	455	485	520	555	595							
Commerce and transportation:														
Investment credit.....	4,860	6,850	6,370	5,295	5,615	5,910	6,255	950	1,410	1,445	1,080	1,155	1,235	1,320
Depreciation on buildings (other than rental housing) in excess of straight line.....	220	275	280	300	325	350	375	220	215	215	235	250	275	300
Asset depreciation range.....	1,280	1,435	1,630	1,825	2,000	2,095	2,135	125	155	175	195	220	230	235
Dividend exclusion.....								315	335	350	370	385	405	425
Capital gain: corporate (other than farming and timber).....	695	760	900	1,015	1,090	1,170	1,260							
Capital gain: individual (other than farming and timber).....								5,090	5,455	6,225	7,360	7,905	8,490	9,145
Financial institutions: excess bad debt reserves.....	880	815	570	635	730	900	1,060							
Exemption of credit unions.....	115	125	135	145	155	165	175							
Deductibility of interest on consumer credit.....								1,185	1,040	1,075	1,195	1,325	1,475	1,635
Expensing of research and development expenditures.....	635	660	695	725	755	785	815							
Corporate surtax exemption.....	3,345	5,020	4,180	4,525	4,890	5,270	5,670							
Deferral of tax on shipping companies.....	70	105	130	155	180	205	230							
Railroad rolling stock: 5-year amortization.....	55	30	10	5										
Excess first year depreciation.....	175	145	165	180	200	220	240	100	80	85	95	105	115	130
Exclusion of interest on State and local industrial development bonds.....	120	150	195	235	270	315	355	55	75	90	110	130	150	170
Deductibility of nonbusiness State gasoline taxes.....								820	575	600	665	735	815	910
Expensing of construction period interest and taxes.....	985	1,020	1,065	1,110	1,150	1,190	1,230	525	545	570	595	620	645	670
Capital gains at death.....								6,450	6,720	7,280	8,120	9,015	10,005	11,105
Deferral of capital gain on home sales.....								805	845	890	935	980	1,030	1,080
Credit for purchase of new homes.....								625	100					
Deductibility of mortgage interest on owner-occupied homes.....								5,405	4,645	4,710	5,225	5,800	6,440	7,150
Deductibility of property taxes on owner-occupied homes.....								4,510	3,690	3,825	4,245	4,710	5,230	5,805
Depreciation on rental housing in excess of straight line.....	115	120	125	135	145	155	170	405	430	455	480	510	545	580

See footnotes at end of table.

TABLE 1.—TAX EXPENDITURE ESTIMATES, BY FUNCTION,¹ FISCAL YEARS 1975-81—Continued
 [In millions of dollars]

	Corporations							Individuals						
	1975	1976	1977	1978	1979	1980	1981	1975	1976	1977	1978	1979	1980	1981
Community and regional development:														
Housing rehabilitation: 5-year amortization.....	40	35	25	20	15	10	10	65	55	40	25	15	15	15
Education, training, employment, and social services:														
Exclusion of scholarships and fellowships.....								200	210	220	235	245	255	270
Parental personal exemption for student age 19 and over.....								670	690	715	735	760	780	805
Deductibility of contributions to educational institutions.....	205	215	280	325	355	390	430	440	450	500	555	610	670	735
Deductibility of child and dependent care expenses.....								295	330	420	460	510	560	615
Child care facilities: 5-year amortization.....	5	5	5	5										
Credit for employing AFDC recipients and public assistance recipients under work incentive program.....	10	10	10	10	10	10	10							
Deductibility of charitable contributions (other than education).....	260	265	350	400	445	490	535	3465	3020	3125	3470	3845	4275	4740
Health:														
Exclusion of employer contributions to medical insurance premiums and medical care.....								3,275	3,665	4,225	4,730	5,300	5,935	6,650
Deductibility of medical expenses.....								2,315	2,020	2,095	2,325	2,580	2,865	3,175
Deductibility of charitable contributions (primarily for health service).....	125	130	175	200	220	240	265	920	800	830	920	1025	1135	1260
Income security:														
Exclusion of social security benefits:														
Disability insurance benefits.....								275	315	370	415	470	525	595
OASI benefits for aged.....								2,740	3,045	3,525	3,965	4,460	5,020	5,645
Benefits for dependents and survivors.....								450	495	565	635	715	805	905
Exclusion of railroad retirement system benefits.....								170	185	200	215	230	245	260
Exclusion of unemployment insurance benefits.....								2,300	3,305	2,855	2,655	2,470	2,295	2,135
Exclusion of workmen's compensation benefits.....								505	555	640	705	775	855	940
Exclusion of public assistance benefits.....								105	115	130	145	165	185	210
Exclusion of special benefits for disabled coal miners.....								50	50	50	50	50	50	50
Exclusion of sick pay.....								315	330	350	370	385	405	425
Net exclusion of pension contributions and earnings:														
Employer plans.....								5,225	5,745	6,475	7,120	7,835	8,620	9,480
Plans for self-employed and others.....								390	770	965	1,065	1,180	1,300	1,440

Exclusion of other employee benefits:									
Premiums on group term life insurance	740	805	895	965	1,050	1,135	1,230		
Premiums on accident and accidental death insurance	50	55	60	65	70	80	85		
Income of trusts to finance supplementary unemployment benefits	5	5	5	5	5	5	5		
Meals and lodging	265	285	305	320	335	350	365		
Exclusion of capital gain on home sales if over 65	40	45	50	55	60	65	70		
Excess of percentage standard deduction over minimum standard deduction	1,385	1,465	1,560	1,635	1,720	1,805	1,895		
Additional exemption for the blind	10	20	25	25	25	25	25		
Additional exemption for over 65	1,100	1,155	1,220	1,280	1,340	1,410	1,480		
Retirement income credit	130	120	110	100	90	80	70		
Earned income credit ³		1,455	696						
Exclusion of interest on life insurance savings	1,545	1,695	1,855	2,025	2,210	2,410	2,625		
Deductibility of casualty losses	280	300	330	355	380	405	430		
Maximum tax on earned income	400	480	580	695	835	1,000	1,205		
Veterans' benefits and services:									
Exclusion of veterans' disability compensation	540	590	595	595	595	595	595		
Exclusion of veterans' pensions	25	30	30	30	30	30	30		
Exclusion of GI bill benefits	255	330	280	265	255	240	230		
General government: Credits and deductions for political contributions	40	40	65	40	50	50	85		
Revenue sharing and general purpose fiscal assistance:									
Exclusion of interest on general purpose State and local debt	2,675	2,890	3,150	3,375	3,630	3,925	4,300	1,130	1,280
Exclusion of income earned in U.S. possessions	245	240	285	305	325	350	375	1,390	1,490
Deductibility of nonbusiness State and local taxes (other than on owner-occupied homes and gasoline)								1,605	1,735
Interest: Deferral of interest on savings bonds	8,490	6,505	6,680	7,415	8,230	9,140	10,140	845	925
	525	605	685	765	845	925	1,005		

¹ All estimates are based on the tax code as of Dec. 31, 1975, with the exception that the provisions of the Revenue Adjustment Act of 1975 regarding the standard deduction for individual income taxpayers are treated as if they were permanent.

² The calendar year aggregate income/sales ratio of DISC's is estimated to be 0.08 in 1975, 0.075 in 1976, 0.07 in 1977, 0.065 in 1978, and 0.06 thereafter.

³ Includes for 1976 the tax reduction portion of \$291,000,000 and the refundable portion of \$1,164,000; includes for 1977 the tax reduction portion of \$140,000,000 and the refundable portion of \$556,000,000.

⁴ The administration estimates this tax expenditure net of reduced estate tax receipts. As a result, the tax expenditure for capital gains at death declines to \$4.8 billion in fiscal year 1975, \$5.0 billion in fiscal year 1976 and \$5.4 billion in fiscal year 1977.

Note: Limitations on the use of totals are explained in the text. The totals (in millions of dollars) are:

	Total	Corporations	Individuals
Fiscal year:			
1975	92,865	22,270	70,595
1976	98,530	25,845	72,685
1977	102,046	25,460	76,586
1978	108,855	25,980	82,875
1979	118,490	28,040	90,450
1980	129,040	30,215	98,825
1981	140,785	32,645	108,140

Source: Staffs of the Treasury Department and the Joint Committee on Internal Revenue Taxation.

TABLE 2.—Reconciliation Between Tax Expenditures in Table 1 and in Special Analysis F in the Budget for Fiscal Year 1977

Restructuring table to conform with budget functional categories for outlays by transferring items from personal investment, business investment and other tax expenditures.

Item	Transferred to budget functional category
1. From business investment:	
Exclusion of interest on State and local government industrial revenue bonds	Commerce and transportation.
Excess first-year depreciation	Commerce and transportation.
Depreciation on rental housing in excess of straight line	Commerce and transportation.
Depreciation on buildings (other than rental housing) in excess of straight line	Commerce and transportation.
Expensing research and development expenditures	Commerce and transportation.
Expensing construction period interest and taxes	Commerce and transportation.
Capital gain: corporate (other than farming and timber)	Commerce and transportation.
Investment credit	Commerce and transportation.
Asset depreciation range	Commerce and transportation.
2. From personal investment:	
Dividend exclusion	Commerce and transportation.
Capital gain: individual (other than farming and timber)	Commerce and transportation.
Capital gains at death	Commerce and transportation.
Exclusion of interest on life insurance savings	Income security.
Deferral of capital gain on home sales	Commerce and transportation.
Deductibility of mortgage interest on owner-occupied homes	Commerce and transportation.
Deductibility of property taxes on owner-occupied homes	Commerce and transportation.
Deductibility of casualty losses	Income security.
Credit for purchase of new homes	Commerce and transportation.
3. From other tax expenditures:	
Deductibility of charitable contributions (other than education)	Health and Education, training and social services.
Deductibility of interest on consumer credit	Commerce and transportation.
Maximum tax on earned income	Income security.